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ASX Limited
Company Announcements Platform

COBRE SIGNS SHARE PURCHASE DEED TO ACQUIRE 100% OF KALAHARI METALS LIMITED

Cobre Limited (ASX: **CBE**, **Cobre** or **Company**) is pleased to announce that it has entered into a Share Purchase Deed with Metal Tiger PLC (ASX: **MTR**, AIM: **MTR**, **Metal Tiger**) to acquire the remaining 49% interest in Kalahari Metals Limited (**KML**) (**Transaction**).

Cobre currently holds a 51% ownership interest in KML, via its wholly owned subsidiary, Cobre Kalahari Pty Ltd (**Cobre Kalahari**). Under the terms of the Transaction:

- Cobre (or its nominee) will initially acquire 24.5% of the shares in KML from Metal Tiger (increasing its interest to 75.5%) for a total cash consideration of GBP £750,000 (**Initial Acquisition**); and
- Metal Tiger will grant Cobre a call option for it (or its nominee) to acquire the remaining 24.5% of shares in KML, exercisable for either GBP £750,000 cash or the equivalent in Cobre shares, for a period of 12 months after completion of the Initial Acquisition (**Call Option**), providing Cobre a pathway to 100% ownership of KML.

Metal Tiger is a substantial holder of the Company and currently holds approximately 21.0% of the issued shares in Cobre.

Cobre proposes to fund the Initial Acquisition using its available cash reserves.

Background on KML

KML is a private UK company, incorporated in England and Wales on 3 May 2017, and holds interests in 12 highly prospective exploration licences covering a total area of approximately 8,595 km² in the Kalahari Copper Belt (**KCB**) in Botswana (with 6,650 km² 100%, owned and 1,945 km² in JVs), comprising two 100% owned exploration licences, five exploration licences subject to a binding earn-

in agreement with Triprop Holdings (Pty) Limited (KML currently owns a 51% interest in Triprop Holdings (Pty) Limited which includes the Ngami Copper Project), and five exploration licences held by 100% owned subsidiary, Kitlanya Limited.

Metal Tiger holds a 2% net smelter royalty over all KML’s wholly owned licences, being seven licences covering, in aggregate, 6,650km² (the “**Royalties**”) and the main areas. The five exploration licences owned by Triprop Holdings (Pty) Limited (in which KML has a 51% interest) do not form part of the Royalties.

KML owns the second largest tenure holding in the Botswana portion of the KCB Belt after ASX-listed company, Sandfire Resources Limited (ASX: **SFR, Sandfire**). The KCB is regarded as one of the most prospective areas globally for copper exploration by the US Geological Survey (**USGS**), with a number of copper-silver deposits currently under development by both Sandfire and Cupric Canyon Capital.

Commenting on the Transaction, Cobre Executive Chairman and Managing Director, Martin Holland, said:

“This transaction represents a strategic step for Cobre to fully exploit the exploration potential of KML, which we believe will unlock considerable value for our shareholders. We plan to begin drilling immediately under the new ownership structure and believe this renewed focus on our project will provide clarity on delineating value for shareholders. In particular, the results received from our initial exploration program in Botswana have been very encouraging, and we look forward to updating shareholders on our ongoing exploration activities.”



Figure 1: Metal Tiger CEO, Michael McNeilly, (L) together with Cobre Executive Chairman and Managing Director, Martin Holland, (R) – agreeing to final terms in Bangkok June 2022.

Governance and management of KML

In connection with the Transaction, the parties have agreed to temporarily amend the terms of the existing Shareholders' Deed in respect of KML, for a period of 12 months following completion of the Initial Acquisition providing, among other things, Cobre Kalahari with sole control over KML's business plan and budget and allowing it to be solely responsible for any capital and funding requirements during that time.

In addition, Metal Tiger has agreed to waive its right to appoint directors to the Board of KML (with limited rights to certain KML board matters) until expiry of the Call Option. Cobre advises that Michael McNeilly and Keith Johnston, the two nominee directors of KML appointed by Metal Tiger, will step down from the Board of KML, effective immediately.

In relation to the funding arrangements of KML, Cobre has agreed to guarantee KML's obligation to repay the existing and outstanding shareholder loans made by Metal Tiger to KML (currently approximately US\$1,295,071), plus any interest accruing at a rate of 7% per annum. Cobre may, at its election, repay all or any part of the outstanding loan in cash or Cobre shares. If Cobre elects to satisfy the repayment of the loan in shares, the number of shares will be calculated by dividing the total outstanding amount of the loan by the 90-trading day VWAP of Cobre's shares.

KML is obligated to repay any shareholder loan within five years (which may be extended by a further five years if a maiden JORC compliant mineral resource in respect of the Botswana projects has not been made by maturity of the loan) or on the occurrence of certain events, including (i) the disposal of all or substantially all of the assets of Cobre or KML and its subsidiaries, (ii) an initial public offering of KML, (iii) Cobre disposing 75% or more of its interest in KML or (iv) a change of control occurs in relation to Cobre.

Key Terms of the Share Purchase Deed

The total consideration payable by Cobre to Metal Tiger for the initial 24.5% interest in KML is GBP £750,000. Additionally, on completion of the Initial Acquisition, Metal Tiger will grant Cobre the Call Option for it (or its nominee) to acquire the remaining 24.5% interest in KML. Cobre will have a period of 12 months after completion of the Initial Acquisition to exercise the Call Option. Cobre can elect (in its absolute discretion) to exercise the Call Option by either paying cash consideration of GBP £750,000 or issuing shares in Cobre to Metal Tiger (**Consideration Shares**). Alternately, Cobre may elect not to exercise the Call Option, in which case the Call Option will lapse and Cobre will remain a 75.5% shareholder in KML with Metal Tiger holding the remaining 24.5%.

If Cobre elects to satisfy the exercise price of the Call Option, by way of Consideration Shares, the number of Considerations Shares will be calculated by dividing GBP £750,000 (converted into Australian dollars) by the 90-trading day VWAP of Cobre's shares up to the date on which Cobre exercises the Call Option, provided however, if the issue of Consideration Shares will result in Metal Tiger acquiring a voting power in Cobre in excess of 30%, then Cobre will instead pay Metal Tiger the cash value of the excess Consideration Shares once the 30% cap has been reached.

Completion of the Transaction is subject to a number of conditions precedent including:

- Cobre obtaining all necessary shareholder approvals to complete the Transaction, including approval under:
 - ASX Listing Rule 10.1 to approve the acquisition of shares from Metal Tiger; and
 - item 7 of section 611 of the *Corporations Act 2001 (Cth)* in relation to Metal Tiger obtaining a voting power in Cobre of up to 30% as a result of the issue of Consideration Shares on exercise of the Call Option (if applicable) and the performance of Cobre's obligations in respect of the KML shareholder loans;
- an Independent Expert Report being included in the Notice of Meeting dispatched to Cobre's shareholders concluding that the Transaction is fair and reasonable to Cobre's shareholders not associated with Metal Tiger;
- there is no temporary restraining order, preliminary or permanent injunction or other order issued by any court of competent jurisdiction or government agency and no other legal restraint preventing the Transaction; and
- any approvals which may be required by any government agency in Botswana to the Transaction being obtained.

Indicative Timetable

A Notice of Meeting will be sent to Cobre shareholders containing further details on the Transaction. The Notice of Meeting will be accompanied by an Independent Expert's Report prepared by BDO Australia, opining on the fairness and reasonableness of the Transaction for Cobre shareholders not associated with Metal Tiger. Cobre recommends shareholders read the Notice of Meeting and accompanying documents in full once received.

The indicative timetable to complete the Initial Acquisition is set out below:

Event	Date
Notice of General Meeting sent to Cobre shareholders	Late-July 2022
General Meeting	Late-August 2022
Completion of Initial Acquisition	Early-September 2022

Note: The above dates are indicative only and subject to change.

Cobre will continue to provide shareholders with further updates on material developments in respect of the Transaction.

This ASX release was authorised on behalf of the Cobre Board by: Martin C Holland, Executive Chairman and Managing Director.

For more information about this announcement, please contact:

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